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SOFT DRINKS □ BEER □ BOTTLED WATER □ WINE □ POWDERS □ JUICES □ SPIRITS

NOVEMBER 5, 1982

Beverage Industry

AN HBJ PUBLICATION

OLOGY

STATISTICAL REF INDEX
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Pack Expo in Chicago

CHICAGO—Pack Expo planners have announced that they expect a record 45,000 people to attend this year's biannual exposition and conference to be held here, at McCormick Place Nov. 15-19.

Over 600 exhibitors have announced that they'll be on hand with new equipment designed for virtually every packaging function currently practiced. An estimated 3,500 packaging and packaging-related converting machines

(Continued on page 8)

FDA progressing toward approval of AN, PVC

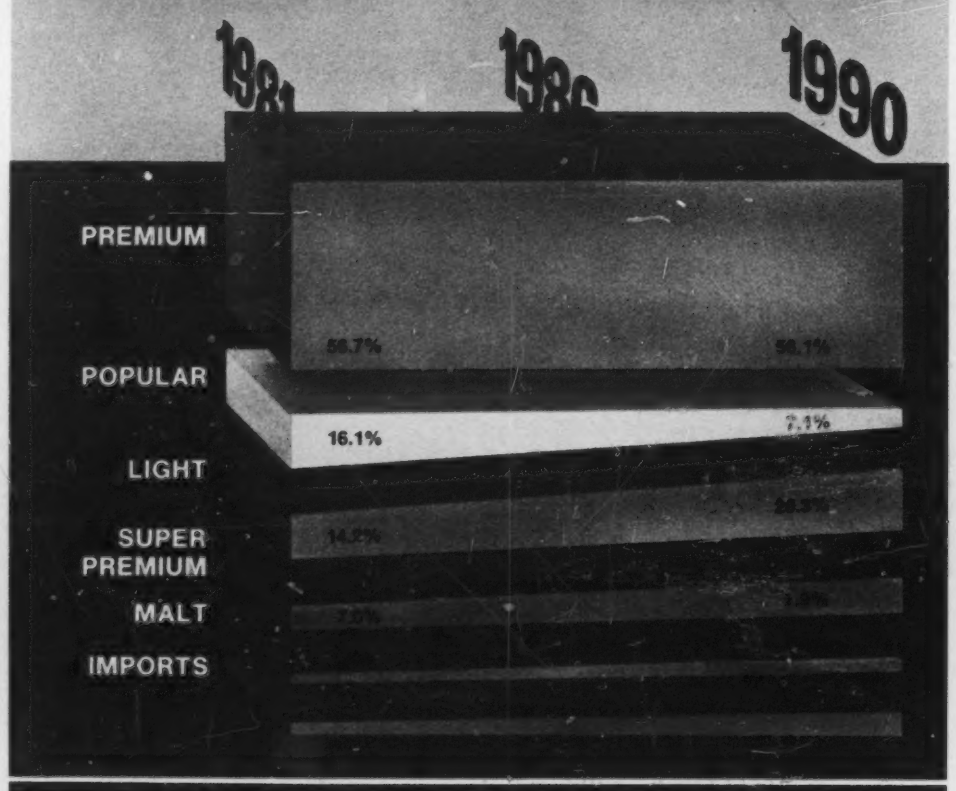
WASHINGTON, DC—The prospect of acrylonitrile (AN) and polyvinyl chloride (PVC) soft drink bottles receiving marketing approval has moved one step closer now that the Food and Drug

(Continued on page 7)

BI Package of the Week

Improved kegs may be draft wine packages of the future. See p. 6

BEER MARKET SEGMENTATION TO CONTINUE



Source: Beverage Marketing Corp., Beverage Data Bank

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Breweries to pursue segmentation; popular share declines as others grow

NEW YORK, NY—As a brewer, how do you decide how to segment your beer brands for maximum profitability? It's a tough choice, says Joseph Doyle, market analyst for Smith Barney Harris Upham & Co. If your production capacity limits you to a specific geographical area, you might position your best seller as a super premium, emphasizing locally-brewed quality.

But you have to remember, Doyle says, that right now and for the foreseeable future, most buying decisions will be made by consumers based on price.

If your brewing capacity is relatively large, you may concentrate on the premium segment; that's where all the volume is, as shown by projections contained in a new study on the U.S. Beer Industry from Beverage Marketing Corporation, located here. The BMC study charts production and share of market for selected brands in their respective categories. It also projects barrelage and share of total market for each category to 1990.

According to Doyle, if a brewer can capture only a

(Continued on page 8)

NSDA to seek legal remedy to school rule

WASHINGTON, DC—The National Soft Drink Association has lost patience with the Agriculture Department and plans to go to court this month in an attempt to over-

(Continued on page 13)

BI Week

• LA Coca-Cola has signed the amended franchise agreement with Coca-Cola USA. The firm was the largest of a group of approximately 130 Coca-Cola franchises and subfranchises which have not signed the agreement.

• G. D. Searle & Co. has petitioned FDA to permit use

(Continued on page 31)

SOFT DRINKS □ BEER □ BOTTLED WATER □ WINE □ POWDERS □ JUICES □ SPIRITS

NOVEMBER 5, 1982

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MARKETING □ DISTRIBUTION □ TECHNOLOGY

AN HBJ PUBLICATION

Study: wine to grow 6.5% per year will reach 1 billion gallons by 1992

COMMACK, NY—Wine will be the fastest growing beverage category during this decade, experiencing a growth rate of 6.5% per year from now to 1992, surpassing the 1 billion gallon level that year. The value of domestic vintners' sales should more than double, from $2.8 billion this year to $6.3 billion in 1992.

Amid this growth, the industry will consolidate as rising production and advertising costs squeeze out smaller vintners. The winners will be those with the greatest distribution and marketing resources.

These predictions come from the latest report on "The U.S. Wine Market," researched and published by Business Trend Analysts, located here.

BTA says wine consumption in the U.S. in 1982 will rise 7.2%, over 1981, to 539.3 million gallons. Sales of do-

(Continued on page 14)

The U.S. wine market*
(Excludes Brandy)
($ Millions)

Year	Value of domestic manufacturers' sales (1)	Value of duty-paid imports	Value of exports	U.S. wine* market	Imports as a % of U.S. market
1965	$ 352.5	$ 65.0	$ 0.73	$ 416.8	15.6%
1966	364.3	74.1	0.87	437.5	16.9
1967	374.9	85.5	0.93	459.5	18.6
1968	413.1	102.1	0.99	514.2	19.9
1969	466.6	112.3	1.15	577.8	19.4
1970	540.4	139.5	1.33	678.6	20.6
1971	684.1	156.5	1.23	839.4	18.6
1972	783.2	213.4	1.61	995.0	21.4
1973	906.3	291.2	2.62	1,194.9	24.4
1974	1,166.0	301.6	4.15	1,463.5	20.6
1975	1,109.2	291.2	5.11	1,394.9	20.9
1976	1,117.3	351.1	5.67	1,462.7	24.0
1977	1,252.3	424.3	8.27	1,668.3	25.4
1978	1,448.9	653.1	9.67	2,092.3	31.2
1979	1,843.0	712.9	18.52	2,530.9	28.2
1980	2,105.5	785.2	28.80	2,861.9	27.4
1981	2,471.9	852.7	40.50	3,284.1	25.9
1982F	2,840.0	980.0	51.20	3,768.8	26.0
1992F	6,300.0	4,725.0	295.00	10,730.0	44.0

(1) Nonconsus years estimated
* Market - Domestic sales plus imports minus exports
F - Forecast by Business Trend Analysts

Source: U.S. Department of Commerce

Copyright: Beverage Industry, November 5, 1982

Collectors' lids spark fountain sales in Atlanta

ATLANTA, GA — Coca-Cola and Burger King scored big on a summertime promotion/market test here.

From June 19 to August 1, Burger Kings in metro-Atlanta sold large-size (about 20 oz.) containers of Coke topped with collectors' lids that pictured members of the Atlanta Braves baseball team. Don Sparks, area marketing manager for Burger King, says sales of the large sizes at some outlets were as high as 10,000 per day, or more than twice the normal volume. Sixty-two Burger King outlets participated.

The container lids used in the test are a joint development of Seal-Kap, Inc., Long Island City, NY, and Container Corporation of America (CCA). Seal-Kap came up with the concept of a paperboard/plastic lid for

(Continued on page 8)

Study: combined U.S., Europe PET usage to reach 390 million

ROSELLE, NJ—In 1985, the combined U.S./Western Europe market for polyethylene terephthalate (PET) bottles, mainly for carbonated soft drinks, will approach 400,000 metric tons (440,000 tons). That is about double the 1981 usage.

Three out of four of these tons of PET will be used in the U.S., according to statistics included in an exhaustive International Techno-Economic Survey on PET Bottles for Beverages, Food and Other Products, now available from Maczko Associates, located here.

Though PET has been around for over 20 years, its use as a container resin is only five years old. The survey, by Vladimir M. Wolpert of Wolpert and Jones Ltd., London, reviews virtually every aspect of PET bottles including various grades of

(Continued on page 15)

PET useage*

	USA	W. Europe
1976	—	—
1977	12	—
1978	70	—
1979	140	3
1980	160	8
1981	200	19
1982	230	32
1983	255	50
1984	275	70
1985	300	90

Copyright: Beverage Industry,

Nader group tabs soft drinks in 'diet' study

WASHINGTON, DC—Compared with 1976, soft drink consumption has been on the rise, although the rate of increase is declining, reports the Center for Science in the Public Interest.

In its updated version of "The Changing American Diet," CSPI noted that 12 oz. soft drink servings per person jumped from 329 in 1976

(Continued on page 15)

Seven Coors distributors debut Kronenbourg, Molson in Houston

HOUSTON, TX—Molson Beer and Ale and Kronenbourg beer are being introduced into the Houston metropolitan market this fall through the area's seven Coors distributors.

"These brands will be an exciting addition to our already outstanding list of Coors products," said Bob Aspromonte, chairman of the Gulf Coast Coors Distributors Association. "Our research shows that Molson and Kronenbourg represent the most popular beers in Canada and Europe.

"We anticipate the new imports will match the phenomenal public acceptance which has greeted Coors' George Killian's Irish Red since its roll-out last June," commented Aspromonte.

Wholesalers involved include: Aspromonte-Coors; Coors Central and South; Highland Coors; Coors North-

(Continued on page 8)

Contents

Pack Expo expects crowd of 45,000

Over 600 exhibitors and 45,000 attendees are expected at 1982's PMMI Pack Expo, which runs from the 15th through the 19th of this month, at McCormack Place in Chicago. PMMI officials estimated 3,500 packaging-related machines, valued at over $87.5 million, to be at the show. Approximately half of these will be new. Microprocessor technology and package conversion will be featured among the exhibits. Sessions on areas such as design, communications, strategic planning, etc. will be going on at the same time. For more information on this important packaging show, see **page 1.**

Wine expected to be fastest grower in U.S.

Wine is expected to be the fastest growing beverage in the next decade, growing at a rate of 6.5% a year, passing the 1 billion gallon mark, and doubling vintners values by 1992. Those are the predictions of Business Trends Analysts, made in their recent report, "The U.S. Wine Market." Expected to grow even more quickly in the U.S. market are imported wines. BTA says they will outpace industry growth over the next ten years. A resurgence of French wines, as well as continued growth of Italian Wines, are expected. If you want more pertinent facts and figures about the American wine market, see **page 4.**

FDA study infers caffeine's safety

Further evidence has been uncovered in the preliminary findings of the Food and Drug Administration's sipping study of caffeine to laboratory rats.

The study supplements facts from a 1980 forced feeding study that showed high doses of caffeine would cause birth defects. According to this latest study, even higher volumes of caffeine would be needed to cause birth defects.

To find out more about why leading scientists feel caffeine may not be harmful in humans, see **page 7.**

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THE CASE FOR BROCKWAY® SOFT DRINK CONTAINERS

The case for Brockway glass containers opens with service that's clearly the best. Here's why.

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Brockway has 13 strategically located glass container production plants from coast to coast for better service and fast, dependable delivery.

When you need single-service or family-size Plasti-Shield* containers, Brockway meets the demand with capabilities for Plasti-Shield containers at seven plant locations.

And whatever your need in refillable or nonrefillable glass, in plain, private mould or blown letter, you can count on Brockway to keep you supplied with 7 oz. to one liter sizes.

■ Plasti-Shield facilities.

LOOKING BRIGHT.

In a crowd of products, bold colorful labels stand out. Especially Brockway's new, co-extruded labels for Plasti-Shield containers.

The new labels have a smooth, glossy finish that gives your message the sharp definition it needs, and your graphics the vibrant colors they need to catch the customer's eye.

Brockway's co-extruded labels are available on 10 and 16 oz. single-service containers as well as family sizes.

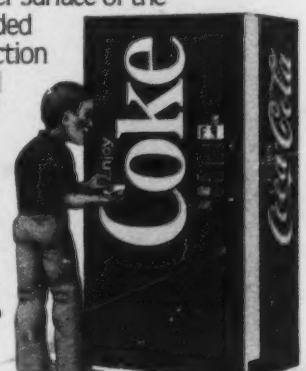
On the filling line, noise is greatly reduced because the labels virtually eliminate glass to glass contact.

GET A GRIP ON THE MARKET.

Glass single-service containers make up the fastest growing segment of the vending market. And Brockway's new Plasti-Shield containers with co-extruded labels can be dispensed in vending machines.

The smoother surface of the colorful new co-extruded labels helps reduce friction during dispensing and reduces the chance of marks and scuffs.

And, of course, glass keeps your soft drinks fresher and tasting better.



THE COLD FACTS.

It's a fact that single-service containers bring high volume business and profits.

It's also a fact that with Brockway as your glass container source, you can get the variety of containers you need in flint, emerald green, Georgia green, and amber.

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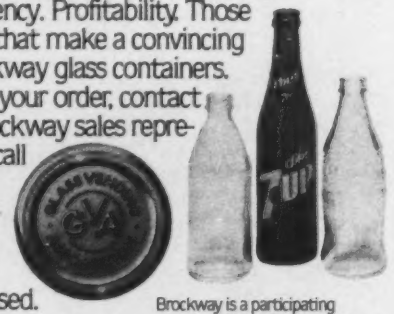
To place your order, contact your local Brockway sales representative, or call Brockway's Beverage Division at (814) 268-3015.

Case closed.



Brockway is a participating member of the Glass Vending Association's vending program sponsored by the Glass Packaging Institute.

Brockway

Brockway, PA 15824.

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Circle no. 164 on Reader Service card

New Hoover wine keg fills on-premise market niche

NEW YORK, NY—Distribution of wine in returnable stainless steel kegs to high-volume on-premise outlets is an idea being investigated by virtually every major vintner in the U.S.

"Kegged wine has to be viewed as a long-term investment that can result in cost savings as well as convenience. You can't service a growing market for on-premise wine over the long term with glass or bag-in-box containers," says Greg Muro, sales manager at Hoover Universal, Inc., Materials Handling Div. The company has just come out with a new 58-L stainless steel polyurethane-skirted keg for holding wine.

BI Packages of the Week

Hoover contends there are significant cost savings with 58-L kegs for wine, versus 18-L bag-in-box or 4-L glass jugs, in servicing large-volume on-premise outlets (see "Cost Analysis" chart p. 10).

Kegs can fit right in to a regional, or perhaps in the future, national on-premise wine distribution system. For one thing, says Muro, many on-premise outlets have tap systems in place. Second, he says, stainless steel kegs are a technically proven distribution method.

Third, kegs can open up new high-volume on-premise wine outlets. United Vintners, for example, is selling its premium Inglenook Navalle brand from kegs at Padres' Stadium in San Diego.

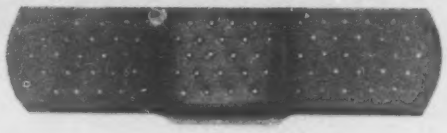
Mike Silva, public relations at United Vintners, says "we have been test marketing Inglenook Navalle wine in new stainless steel kegs for the past 8 or 9 months at on-premise outlets with certain volume levels in Northern California, besides San Diego." United Vintners emphasizes to its customers that the quality of its wine from kegs, which are supplied by Hoover, is exactly the same as if the wine came right off the production line. "We wouldn't ship a premium wine like Navalle across the country," Silva says. "Wine quality is very important to our customers."

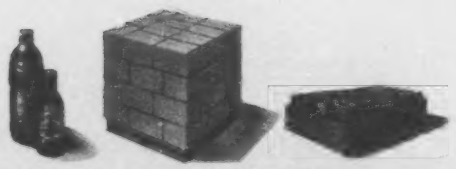
The sole stated purpose of current kegged wine distribution efforts is to make large-volume on-premise wine storage and handling more convenient as well as cost effective for the shipper and the retailer.

Kegs for wine distribution differ little from those used for beer. But the differences are important. For instance, says Muro, brass has to be removed from wine keg tapping systems, or the wine will pick-up a "brassy" taste. Also, kegged wine dispensers push with nitrogen instead of carbon dioxide. Many vintners use nitrogen in the wine blending process. Besides, Muro says, carbon dioxide would make the kegged wine "sparkling."

Muro says that using stainless steel to make wine kegs is a natural extension of stainless steel bulk storage tanks used by vintners. He also says wine shelf life can be longer

(Continued on page 9)

If your adhesive needs are more complex than this  ,



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Circle no. 165 on Reader Service card

VersaForm

(Continued from page 4)
soft drinks that could also be used as a promotional medium.

The VersaForm manufacturing process was developed by CCA, which makes the lids at a plant in Lionville, PA. The lids are a marriage of die-cut paperboard to a low-density polyethylene ring. A coated, printed paperboard disk is inserted into the injection mold, bonding itself to the ring.

The consumer can remove the paperboard easily and save it as a collectors' item, as in the Atlanta test. VersaForm lids can also be printed as coupons redeemable for food or other merchandise, says Don Addison, sales manager for VersaForm at CCA.

An important point for the retailer is that the lids retain their integrity, he adds.

Sparks says Burger King anticipates expanding the promotion to Houston and New Orleans in time for the basketball season. At press-time, Burger King was about to send the test results to Coke for evaluation.

For more information on **VersaForm (CCA),** circle no. 192 on reader service card; for **Seal-Kap, Inc.,** circle no. 193

Molson

(Continued from page 4)
east; Windward Coors; Appel Distributing, and Coors of the Woods.

Assisting these wholesalers in their marketing plans will be Dick Barron, Martlet Importing Company's regional sales manager for Texas and Kronenbourg USA's president, Bob Wilson, and Manager of Marketing Development, John Davidson.

PMMI

(Continued from page 1)
valued at over $87.5 million will be shown.

new models on display

PMMI Show Committee Chairman Arthur R. Schaefer, president, NJM, Inc., said that exhibitors promise that many of the new machinery models on display will be characterized by increased efficiency, versatility and speed.

"According to projections we've been able to make from this survey data," Schaefer noted, "about half of the machines will be considered 'new' by their respective manufacturers."

Exhibitors say many new models feature microproc-
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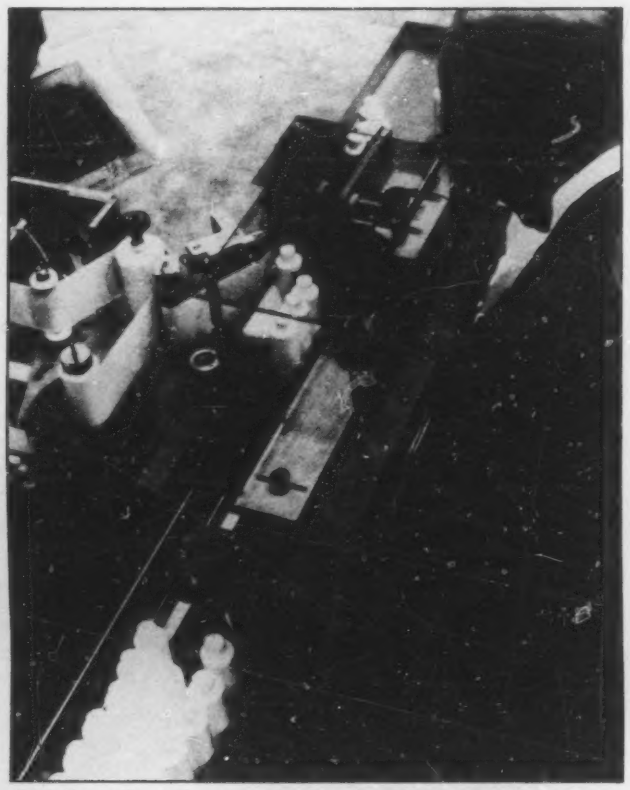

Pack Expo allow" close examination of machinery operation.

Beer Study

(Continued from page 1)
percent or so of the premium beer market, he'll probably do better than if he captures a larger share of, for instance, the malt liquor market. The BMC study predicts that in 1990 premium beers will still account (as they do now) for 56% of the total U.S. market.

On the other hand, the problem that pervades any beer brand segmentation decision and subsequent marketing plan can be summed up in four words: Anheuser-Busch and Miller. But even with this stiff competition, Doyle is inclined to go with the premium segment as potentially the most profitable. "You have to go with volume, even up against A-B and Miller," he says.

In the next several years, brewers can look forward to heated-up competition in the beer brand segments. The industry is already segmented. Marketing of each segment is based on a combination of price and image.

Anheuser-Busch's light beers provide a current example: Michelob Light is keyed to consumers who want a super premium taste, and will pay for it, but with fewer calories; Budweiser Light is try-
(Continued on page 10)

U.S. light beer market

Brand	1978		1980		1981	
	Mil. bbls.	% of mkt.	Mil. bbls.	% of mkt.	Mil. bbls.	% of mkt.
Michelob Light	1.0	6.5	2.6	11.3	3.2	12.4
Natural Light	2.5	16.2	2.4	10.4	1.9	7.3
Miller Light	9.5	61.7	13.2	57.1	16.2	62.5
Schlitz Light	0.8	5.2	0.4	1.7	0.3	1.2
Pabst Light	0.6	3.9	0.6	2.6	0.7	2.7
Coors Light	0.5	3.2	2.4	10.4	2.0	7.7
Stroh Light	NA	NA	0.5	2.2	0.6	2.3
Subtotal	14.9	96.7	22.1	95.7	24.9	96.6
All Others	0.5	3.5	1.0	4.3	1.0	3.9
Total	15.4	100.0	23.1	100.0	25.9	100.0

Source: BMC; BDB; Annual Manual; LBKL Research

Copyright: Beverage Industry November 5, 1982

U.S. beer market projections

Category	1981		1986		1990	
	Mil. bbls.	% of mkt.	Mil. bbls.	% of mkt.	Mil. bbls.	% of mkt.
Premium	103.0	56.5	116.5	56.4	127.0	56.1
Popular	29.4	16.1	20.0	9.7	16.0	7.1
Light	25.9	14.2	38.0	18.4	46.0	20.3
Super Premium	12.7	7.0	16.0	7.8	18.0	7.9
Malt	6.1	3.3	7.5	3.6	8.5	3.8
Imports	5.2	2.9	8.5	4.1	11.0	4.8
Total	182.3	100.0	206.5	100.0	226.5	100.0

Source: Beverage Marketing Corp.; Beverage Data Bank.

Copyright: Beverage Industry November 5, 1982

U.S. premium beer market

Brand	1978		1980		1981	
	Mil. bbls.	% of mkt.	Mil. bbls.	% of mkt.	Mil. bbls.	% of mkt.
Budweiser	27.0	34.6	33.9	33.7	37.6	36.5
High Life	20.8	26.6	22.7	22.6	22.3	21.7
Schlitz	13.0	16.6	7.3	7.2	5.7	5.5
Old Style	3.0	3.8	5.2	5.2	5.6	5.4
Pabst*	—	—	10.8	10.7	9.8	9.5
Coors	12.1	15.6	11.3	11.2	11.2	10.9
Stroh*	—	—	5.7	5.7	5.5	5.2
All Others	2.2	2.8	3.7	3.7	5.3	5.7
Total	78.1	100.0	100.6	100.0	103.0	100.0

*Repositioned from popular to premium in 1979.

Source: Beverage Marketing Corp; Beverage Data Bank; Beverage Industry Annual Manual; John Maxwell, Lehman Bros. Kuhn Loeb Research

Copyright: Beverage Industry November 5, 1982

U.S. super premium beer market

Brand	1978		1980		1981	
	Mil. bbls.	% of mkt.	Mil. bbls.	% of mkt.	Mil. bbls.	% of mkt.
Michelob	7.5	79.8	8.5	69.7	8.5	66.9
Lowenbrau	1.0	10.6	1.2	9.8	1.5	11.8
Erlanger	—	—	0.4	3.3	0.6	4.7
Andeker	—	—	—	—	0.1	0.8
Herman Joseph	—	—	—	—	0.1	0.8
All Others*	0.9	9.6	2.1	17.2	1.9	15.0
Total	9.4	100.0	12.2	100.0	12.7	100.0

*Tuborg repositioned as super premium in 1979.

Source: BMC; BDB; Annual Manual; LBKL Research

Copyright: Beverage Industry November 5, 1982

Wine kegs

(Continued from page 6)
in kegs versus smaller-size glass containers, since there is less contact between the liquid and the container wall.

Of the three companies using the method now, Louis Glunz, Inc., beer and wine importers/distributors, located in Chicago, estimates its kegged wine volume this year will be around 300,000 gallons. Ted Peloquin, sales manager at Louis Glunz, Inc., says his company is distributing Coastal Valley (Calif.) brand wines in kegs in 14 states, from New England through the Midwest to Colorado and north to Minnesota. The firm is upgrading the quality of the wines in kegs (for example, from a red to a ruby cabernet) and is adding a sangria to the line.

Louis Glunz has been distributing wine in kegs for several years. Like United Vintners and the other company putting wine in kegs, Anheuser-Busch, Louis Glunz emphasizes the quality of their wines. "These aren't inexpensive wines," says Peloquin.

quality guaranteed

Little is revealed about Anheuser-Busch's foray into the kegged wine business, other than the fact that market tests are going on in San Francisco and Denver. The Master Cellars (Lamont) wines in kegs are a chablis, a burgundy and a vin rose. A-B promotional material on its kegged wine program states that the taste and quality of

(Continued on page 10)

PMMI

(Continued from page 8)
essor technology. This year exhibitors also seem to be stressing the ease of conversion from one type of package or packaging material to another.

sessions

There will be sessions on design, communications, strategic planning and other tools of marketing that can be adapted to the needs of packagers.

There will be 48 concurrent sessions at Pack Expo running in two tiers each morning. The first tier will run from 9:00 to 10:30 a.m. and the second from 11:00 a.m. to 12:30 p.m. In addition there will be two plenery sessions from 1:00 until 2:00 p.m. on

(Continued on page 18)

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Beer study

(Continued from page 8)

U.S. malt liquor market

Brand	1978		1980		1981	
	Mil. bbls.	% of mkt.	Mil. bbls.	% of mkt.	Mil. bbls.	% of mkt.
Schlitz	1.80	35.8	2.15	38.4	2.50	40.8
Colt 45	1.35	26.8	1.20	21.4	1.20	19.6
Olde English	0.50	10.0	1.00	17.8	0.80	13.1
Champale	0.80	15.9	0.90	16.1	0.65	10.6
Mickey's	—	—	—	—	0.40	6.5
Country Club	0.40	8.0	0.20	3.6	0.20	3.3
Magnum	—	—	—	—	0.20	3.3
Malt Duck	0.13	2.5	0.10	1.8	0.08	1.2
900	—	—	—	—	0.05	0.8
All Others	0.05	1.0	0.05	0.9	0.05	0.8
Total	5.03	100.0	5.60	100.0	6.13	100.0

Source: BMC; BDS; Annual Manual; LBKL Research

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ing to attract low-cal drinkers with brand/taste loyalty to Bud; and Natural Light is for those who want a low-cal less expensive beer to accompany a meal.

Charting the domestic premium beer market, the BMC study shows Budweiser has gradually increased market share and barrelage over Miller High Life. Together, these brands accounted for 58% of the premium market, 60 million barrels, in 1981.

Repositioning of Pabst and Stroh from popular to premium so far hasn't made much difference in their shares of market. For both, share of market and barrelage have dropped over the last few years, according to BMC.

Chris Lole, vp, corporate planning and development at Stroh Brewery Co., says the volume decline after repositioning in 1979 was anticipated. The company is doing a "total upgrading" of its flagship brand, including increased advertising expenditures and a package graphics change. Lole notes that A-B and Miller grew at 8% from 1980 to '81, while everyone else's sales were up 2%. But, he says, "we're holding our own in the premium segment." Doyle gives Stroh a good chance of improving its position.

U.S. popular beer market

Brand	1978		1980		1981	
	Mil. bbls.	% of mkt.	Mil. bbls.	% of mkt.	Mil. bbls.	% of mkt.
Busch	3.4	6.3	3.0	9.4	3.1	10.6
Old Milwaukee	3.2	5.9	4.8	15.0	5.1	17.3
Blatz	0.7	1.3	1.4	4.4	1.5	5.1
Olympia	6.4	11.8	—	—	—	—
Pabst	12.6	23.2	—	—	—	—
Red White & Blue	0.7	1.3	1.3	4.1	1.2	4.1
Stroh	5.6	10.3	—	—	—	—
Schaefer	3.9	7.2	3.7	11.6	3.0	10.2
Genessee	3.2	5.9	3.6	11.2	3.6	12.3
Schmidt	3.8	6.9	3.6	11.2	3.4	11.6
Iron City	0.6	1.1	1.4	4.4	1.5	5.1
All Others	10.2	18.8	9.2	28.7	7.0	23.8
Total	54.3	100.0	32.0	100.0	29.4	100.0

Source: BMC; BDS; Annual Manual; LBKL Research

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popular brands

A look at popular beer brands in the BMC study shows Old Milwaukee significantly ahead in terms of production and market share. With just over 17% of the popular market in 1981, Old Milwaukee is 5 percentage points above its closest competitor, Genessee. Blatz has also made notable gains since 1978. But overall, popular category beers' production has been about halved since '78, due partly to Pabst's and Stroh's repositioning.

The domestic light beer market is on better footing. Total barrelage has jumped, since '78, from 15.4 million barrels to 25.8 million last year, according to BMC. The leader, by a huge margin, is Miller Light, with 62.5% of this market in 1981. Number two Michelob Light, which has grown at a healthy clip, accounted for 12.4% of the light beer market in 1981.

Michelob has a wide lead in the super premium category, though it's been gradually losing market share while, much less gradually, increasing barrelage. Total super premium barrelage went from 9.4 million barrels in 1978 to 12.7 million barrels in 1981.

malt liquor

Schlitz Malt Liquor continues to dominate its market. It is the only brand listed that has actually increased both production and market share from 1978 to '81, according to BMC. Last year, with 2.5 million barrels produced, the brand held a 40.8% share of market. Number two Colt 45 came in with 19.6% of the market, 1.2 million barrels produced.

Projecting future growth in the segments, the study says that popular brands should account for 7.1% of the total beer market in 1990, or 16 million barrels. That would be an enormous drop from populars' 1981 share of 16.1%, 29.4 million barrels.

premium beers

Premium beers, while increasing in barrelage through the decade, will nonetheless do well to maintain their 56% share. BMC expects super premiums and malt liquors will rise steadily, but at a slower rate than in the past, both in terms of production and share of market.

Imports and light beers should be the best performers to 1990. Both categories, certainly the imports, should double their barrelage over the period. U.S. Beer Industry Study is available from Bev. Mktg. Corp., 866 2nd Ave., NY, NY 10017 (212) 688-7640.

Wine kegs

(Continued from page 9)

the wines are guaranteed by the company to be the same "carafe after carafe, year after year."

still in infancy

Reports indicate A-B's kegged wine program is not going as well as the company expected at this stage, but distributing wine in kegs is still in its infancy and A-B has vast resources. Competition in this improtant area of on-premise wine distribution promises to get more intense in the years ahead.

For more information on **Hoover Universal, Materials Handling Div.,** circle no. 191 on reader service card.

Packaging Costs Analysis — Cash Utilization Schedule *

(000's omitted on dollars; all figures 1982 dollars)

Year	4-L glass jug 1,450,000 jugs required @ 70¢/unit	58-L keg 10,000 kegs × 10 trips per year required @ $76/unit with pallet	Before tax better (worse) cash flow	18-L bag-in-box 322,000 bags required @ $2.00/unit	58-L keg 10,000 kegs × 10 trips per year required @ $76/unit with pallet	Before tax better (worse) cash flow
1	$1,015	$ 925 (1)	$ 90 (2)	$ 644	$ 925 (1)	$ (281) (2)
2	1,025	125	900	650	125	525
3	1,035	126	909	657	126	531
4	1,046	127	919	664	127	537
5	1,056	128	928	670	128	542
	$ 5,177 (3)	$ 1,431 (3)	$ 3,746	$ 3,285 (3)	$ 1,431 (3)	$ 1,854

* Annual volume 3,800,000 liters served

(1) Includes investment of $760,000 for 10,000 kegs, $40,000 cleaning and filling equipment and $125,000 cost of cleaning and returned freight at ($1.25 per keg per trip).

(2) Does not recognize favorable impact of investment tax credit.

(3) Cost inflated 1% per year.

Source: Hoover Universal, Inc., Materials Handling Div.

Copyright: Beverage Industry November 5, 1982

Wine study

(Continued from page 4)

mestic producers should increase 6.2% this year, to 414.5 million gallons.

As stated, long-term potential is impressive, but there are mitigating factors. BTA says, for example, "the outlook for domestic wine producers with regard to the import market does not look good." This year, imports will rise 10.8% to 124.8 million gallons, or 23.1% of the U.S. market. By 1992, imports' volume should reach 300 million gallons, almost 30% of the market. A 9.2% projected annual growth rate for imported wines over the next 10 years will outpace overall industry growth.

BTA anticipates a resurgence of French wines in the next several years through increased brand building by importers and distributors, and a new category of inexpensive French table wines. Sales of French sparkling wines should also continue to increase.

lambrusco

Italy's low-cost lambrusco-type table wines, which are already extremely popular here, should continue a rapid sales increase pace.

In BTA's view, the bright spot for domestic vintners is the potential for increased U.S.-brand exports. Between 1978 and last year, exports doubled to 10.2 million gallons. As Europeans seek low-cost alternatives to French wines, as California wine quality is accepted and if transportation costs remain low, U.S. exports could become a significant factor, says BTA. Potential drawbacks are unfavorable import duties and distribution problems. Also, lots of promotion will be necessary when the novelty of the U.S. products wears off.

Distribution of wine in the U.S., while essential to strategic planning, is also a constant source of frustration. Says BTA, "The ability of individual states to regulate alcoholic beverage distribution has been the major hindrance to wine penetration into the supermarket sphere, and by extension, into American households."

wine in grocery

The potential of supermarkets to generate higher per capita wine use is enormous. Wine's popularity as a mealtime beverage should continue to grow. Combine this with the fact that women are the principal grocery shoppers, and that women already purchase 60% of all table wine sold in the U.S., and you have what BTA calls a "synergistic" impact on wine sales.

BTA expects strong demand for wine in this decade will spur consumer and industry pressure for states to adopt laws allowing grocery store wine sales.

Coca-Cola should become the major force in off-premise wine sales, another market with vast potential. Coke's Wine Spectrum subsidiary has already made plans to take advantage of the parent company's huge distribution network. Using bag-in-box containers and/or returnable stainless steel kegs, Wine Spectrum's goal is "to see wine in fast-food outlets by the end of the decade."

Between 1975 and '81, wine industry advertising expenditures rose 200%, to $145 million. Most of this money went into spot and network TV; the latter amount quadrupled in the period. BTA expects the industry to greatly increase promotional spending this year due to, first, increasingly heated competition and, second, to advertising for new "light" and "soft" wines.

While network and perhaps spot TV ads may be out of reach of smaller vintners, there are other promotional media, such as newspapers, magazines and local radio, that small companies can utilize for finer market segmentation and brand positioning. This can help compensate for the loss in economies of scale.

U.S. wine makers' profit margins have eroded over the last five years, BTA says, either because of rising costs to remain competitive (as in advertising), or adverse natural conditions (as prices for grapes). Though demand for wine will grow, offering greater returns, the market won't grow fast enough to offset escalating costs.

BTA concludes that this will "significantly bar new entry of marginal operations into the industry, force a weeding-out of weaker concerns and generate a period of consolidation over the next several years coincident with big business' greater role."

grapes

The most fundamental cost to the industry, grapes, greatly influences profitability. The cost of grapes also tends to fluctuate significantly. The grape harvest last year was off 21% from 1980; grower prices rose 17% as a result, squeezing producers' profits.

The cost of bottles and labor have also been rising. BTA says bottle costs, about 20% of materials costs, are increasing faster than grape expenses, or 12.4% annually. Bottle costs have risen 150% in the last eight years. Last year, vintners paid around $310 million for bottles, or about 12 cents of every revenue dollar.

Labor costs have traditionally been low in the wine business. However, winery workers' average hourly wages, now at $8.16, exceed the $7.40 national average.

In general, U.S. winemakers' costs in 1980 were 72.6% of industry sales; 64% of these costs were materials-related, with payroll making up the rest. BTA says, this

Operating ratios in the wine industry

Year	Payroll as a % of industry sales	Material costs as a % of industry sales	Total operating costs as a % of industry sales
1963	9.5%	62.1%	71.6%
1964	10.4	63.2	73.6
1965	10.6	66.5	77.1
1966	11.1	66.5	77.6
1967	11.5	57.5	69.0
1968	11.2	56.3	67.5
1969	11.4	58.0	69.4
1970	12.0	57.0	69.0
1971	11.5	58.2	69.7
1972	10.6	62.0	72.6
1973	9.8	61.6	71.4
1974	8.6	49.2	57.8
1975	10.9	57.2	68.1
1976	10.9	58.3	69.2
1977	9.8	65.6	75.4
1978	14.5	68.3	82.8
1979	9.6	65.6	75.2
1980	8.7	63.9	72.6

Source: U.S. Department of Commerce; Business Trends Analysts

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Leading U.S. wine producers by gallonage sales and market share
(Millions of gallons)

	1978		1979		1980		1981		
	Gallons	Share of market	Gallons	Share of market	Gallons	Share of market	Gallons	Share of market	1978-1981 % Gallonage change
E. & J. Gallo	105.8	24.6%	113.2	25.7%	122.2	25.9%	131.4	26.1%	24.2%
United Vintners (Heublein)	56.4	13.1	55.1	12.5	52.5	11.1	50.3	10.0	-10.8
Almaden (National Distillers)	25.8	6.0	28.7	6.5	32.1	6.8	30.4	6.0	17.8
The Wine Spectrum (Coca-Cola)	14.0	3.3	16.3	3.7	22.1	4.7	27.4	5.4	95.7
The Wine Group	21.9	5.1	20.7	4.7	21.7	4.6	21.7	4.3	-0.9
Paul Masson (Seagrams Ltd.)	13.8	3.2	14.9	3.4	17.5	3.7	18.5	3.7	34.1
Canandaigua	14.8	3.4	13.1	3.0	15.0	3.1	16.5	3.3	11.5
Guild	13.8	3.2	15.6	3.5	14.8	3.1	15.4	3.1	11.6
Monarch (N.Y.)	11.6	2.7	12.3	2.8	13.0	2.8	13.5	2.7	16.4
Sebastiani	8.7	2.0	9.0	2.0	10.0	2.1	8.6	1.7	-1.1
Total-Ten Largest	286.6	66.6%	298.9	67.8%	320.9	68.0%	333.7	66.3%	16.4%
Total U.S. Wine(1) Market	430.4		441.0		472.2		503.0		16.9

(1) Calculated by Business Trend Analysts from BATF and U.S. Dept. of Commerce data, and is comprised of domestic taxable withdrawals and imports for consumption.

Source: Impact Databank; Business Trends Analysts

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cost figure doesn't include promotion and advertising. In years to come, these latter expenses will be too much for smaller companies to handle.

According to BTA, "Those companies with resources great enough to survive the next few years of fierce competition will undoubtedly reap the rewards of long-term growth and profitability, while those without such resources will be forced to cultivate smaller market segments and more effective marketing strategies."

analysis

The entire 240-page "The U.S. Wine Market—A Strategic Marketing Analysis and Biennial Review," is available from BTA for $475.

CSPI

(Continued from page 4)

to 412.3 in 1981—a 25.3% increase.

saccharin

Total sweetener use also rose. Saccharin consumption based on tabletop and diet food use rose 16.4%, while high-fructose corn syrup skyrocketed 220.8% during the five-year period. On the other hand, cane and beet sugar consumption dropped 14.9% during this time span as other sweeteners gained in popularity.

CSPI executive director Michael Jacobson explained that sweetener consumption included the various sugars found in beer, wine, soft drinks and other processed foods.

increase declined

He said that while soft drink use has been on the rise, the per capita rate of increase has declined over the past two years. He attributed this slowing down to the more aggressive marketing strategies of the beer and wine industries.

saturation point

"There is only so much liquid we can drink," he noted, "and the sale of these other beverages may have cut into the soft drink market. There seems to be a sign that soft drink consumption has reached the saturation point."

PET

(Continued from page 4)

resin, drying and molding equipment, filling, capping, types of closures, labeling and adhesives. It also defines resin suppliers, molders, end uses and market trends.

It points out, for example, that the use of PET bottles for export results in transportation savings, and that some mineral water manufacturers have introduced PET bottles for this purpose.

The report contains information from around the world including North America, Western Europe, Japan, Australia, New Zealand, South Africa and other countries. In Japan, for instance, about 15,000 tons of PET have been molded for packaging a variety of products including saki and beer. This use rate should, the report shows, increase dramatically with recent PET approval for soft drink use.

Price of the 180-page survey is $565. Maczko Associates, Inc., 117 Monroe St., Roselle, NJ 07203.

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